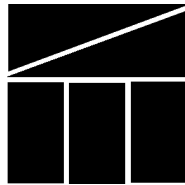


Instructions for 2004 Budget Submissions



**Guidelines for preparing decision packages
for the 2004-2006 biennial budget**



**Virginia Department of Planning and Budget
October 16, 2003**

Instructions for 2004 Budget Submissions

TABLE OF CONTENTS

Section 1: Introduction

Outlook for the 2004-2006 biennium.....	1
Overview & key dates	1
Terms used in these instructions	2
What's new for 2004?	2
Summary of decision package submissions.....	3
If your agency has no proposals.....	3
Information about significant out-year costs.....	3
Program & expenditure structure	4
Information technology submissions	5
Rate adjustments by central agencies	5

Section 2: About decision packages

What is a decision package?.....	6
Language-only decision packages.....	7
Numbering of decision packages	7
Decision package categories.....	8
Figuring personal services costs	9

Section 3: Narrative Justifications

Why is the Form NJ important?.....	11
Sending the Narrative Justification to DPB.....	11

Section 4: The Data Submissions

Overview.....	13
Specific information about the data submission.....	13
Submitting the data.....	14

Appendix A - Narrative Justification (Form NJ)

16

Appendix B - Information Technology submissions

24

Appendix C - Out Year Costs (Form OYF).....

26

Appendix D - Rate Adjustment Narrative Justification (Form RANJ)

29

Section 1: Introduction

This section summarizes the overall requirements for budget submissions for the Governor's Executive Budget for the 2004-2006 biennium.

Outlook for the 2004-2006 biennium

In the past year, Virginia has successfully confronted the challenge of a budget shortfall that exceeded \$6.0 billion. The Commonwealth began fiscal year 2004 with a balanced budget and in a much stronger financial position than many of our sister states. Nevertheless, Virginia still faces significant fiscal challenges. Controls on hiring remain in place, and the Governor has renewed directions to all state agencies to continue to scrutinize and control all spending which is not clearly essential.

The 2004-2006 biennial budget is expected to be a difficult one. Governor Warner announced in August that, even with an economic recovery, there will be a substantial gap between available revenues and requirements for non-discretionary spending. Additional funding will be needed to fund the state share of the Standards of Quality for K-12 education, Medicaid costs continue to grow faster than revenue, and we can expect increased spending requirements for employee benefit programs, for debt service, and damage caused by Hurricane Isabel. Given the number and nature of the programs and services needing additional funds in the 2004-2006 budget, it is apparent that tough choices will be required just to balance the budget.

Overview and key dates

These instructions describe how to develop decision packages for your agency's budget requests. They apply to all state agencies and institutions of higher education.

Decision packages must be submitted to DPB by October 27, 2003. Your agency's total final budget request for the 2004-2006 biennium is the sum of your base budget submission and any decision packages that you submit.

A brief calendar of key budget development dates:

Action	Key dates
DPB issues instructions (with format) for agencies to finalize activities and provide purpose statements	October 13
DPB issues agency instructions for detailed budget requests	October 16
Agencies submit final activities and purpose statements	October 21
Agencies submit detailed budget requests	October 27
Governor submits Executive Budget for 2004-2006 biennium	December 17

Terms used in these instructions

- **FY 2004** means the fiscal year beginning July 1, 2003, and ending June 30, 2004.
- **FY 2005** means the fiscal year beginning July 1, 2004, and ending June 30, 2005.
- **FY 2006** means the fiscal year beginning July 1, 2005, and ending June 30, 2006.
- **2004-2006 biennium** refers to the two-year period including FY 2005 and FY 2006, which begins July 1, 2004, and ends June 30, 2006.
- **2006-2008 biennium** refers to the two-year period including FY 2007 and FY 2008, which begins July 1, 2006, and ends June 30, 2008.
- **2008-2010 biennium** refers to the two-year period including FY 2009 and FY 2010, which begins July 1, 2008, and ends June 30, 2010.
- **2003 Appropriation Act** refers to Chapter 1042, 2003 Acts of Assembly.
(**Note:** You can access the 2003 Appropriation Act online at the following link: <http://leg1.state.va.us/031/sb2.htm>. This link takes you directly to the “search” feature for the full text of the 2003 Appropriation Act on the General Assembly’s Legislative Information System (LIS) hosted by the Division of Legislative Automated Systems.)
- **Legislative Appropriation** refers to the dollar amounts and positions contained in the 2003 Appropriation Act.

What’s new for 2004?

The process of developing the Governor’s 2004 budget decision packages will be similar in many ways to the last few years. Here are the main differences in the budget process for 2004:

- **Out-year costs.** A new legislative requirement in Section 2.2-1503.1 of the Code of Virginia mandates that the Governor provide six-year spending estimates. As a result, you will be asked to provide a six-year estimate of costs for all decision packages. In addition, a new form, Form OYF, has been developed to record any items for which you anticipate costs in the 2006-2008 and 2008-2010 biennia for which you are not submitting a decision package.
- **Limited information technology (IT) submissions.** Agencies may submit an IT decision package for a major IT project only if the proposed project was also identified in the *Agency IT Strategic Plan for 2004-2006* and included in the August 29 report to the Governor and General Assembly entitled, *Recommended Technology Investment Projects for the 2004-2006 Budget Biennium*. An agency may submit a decision package for any non-major IT project only if it was also identified as a project in the *Agency IT Strategic Plan for 2004-2006*. If your agency proposes a technology-related decision package, you must also make a submission to the Virginia Information Technologies Agency (VITA). Just send an electronic copy of your narrative justification to VITA at the same time you submit it to DPB. See Appendix B of these instructions for more detail.

- **Submission of rate adjustments.** If your agency has an internal service fund and proposes an adjustment in the rates it charges other state agencies for specific services covered by that fund--such as telecommunications, office space rentals, or insurance coverage--you must supply DPB with the information outlined in “Rate adjustments by central service agencies” in this section of these instructions. In addition to any supplemental format that you wish to provide such as spreadsheets, this submission must be made on a Rate Adjustment Narrative Justification (Form RANJ), which is described in detail in Appendix D of these instructions.

Summary of decision package submissions

Decision packages are budget submissions proposing any changes to your agency’s base budget. These packages are due to DPB by October 27, 2003. The submission includes two major components:

1. **Narrative justifications.** For each individual decision package your agency submits, you must prepare a narrative justification on Form NJ. (This form can be downloaded from the DPB website, and must be submitted in electronic format.) *See Section 3 of these instructions for details about preparing the narrative justification.*
2. **Data submission.** The data submission is an electronic submission through WebBEARS that allocates the resources for each proposed decision package among the affected programs/subprograms and objects/subobjects for each year of the 2004-2006 biennium. *See Section 3 for details on preparing the data submission.*

No hard-copy submissions are required.

If your agency has no proposals

If your agency has no budget requests for the 2004-2006 biennium, beyond the base budget you submitted in September, no further submission is necessary. Note, however, that even if your agency has no decision packages for the 2004-2006 biennium, it may still be necessary to submit a form for Out-Year Estimates (Form OYF) or a form for Rate Adjustments (Form RANJ). See “Information about Significant Out-Year Costs” below for more information.

Information About Significant Out-Year Costs

Section 2.2-1503.1 of the Code of Virginia requires that the Governor submit a financial plan to the members of the General Assembly for a prospective period of six years. This plan is to consist of:

- ✓ The Governor’s biennial budget,

- ✓ Estimates of anticipated general fund and nongeneral fund revenues prepared for an additional period of four years, and
- ✓ Estimates of the general fund and nongeneral fund appropriations required for each major program for an additional period of four years.

Out-year costs for decision packages

The Governor's proposed Executive Budget for the 2004-2006 biennium will consist of the base budget, technical adjustments to that base, any decision packages submitted by state agencies and institutions of higher education that the Governor approves, and any other budget actions approved by the Governor. The narrative justifications for decision packages must contain information about the costs of these proposals in the 2006-2008 and 2008-2010 biennia.

Out-year costs for items not included in decision packages

DPB recognizes that some agencies may anticipate out-year spending increases or decreases that may not be submitted as part of a decision package. For example, a new building or facility may be coming on line in September 2007 for which operating costs are anticipated. Since additional funding for this new facility is not required in the 2004-2006 biennium, no decision package would be submitted.

To capture any anticipated appropriation needs for the 2006-2008 and 2008-2010 biennia for which your agency is not submitting a decision package, you must submit an Out Year Estimates Form (Form OYF). This Microsoft Excel form should be used to report significant general fund and nongeneral fund appropriation increases or decreases you anticipate for the four years following the 2004-2006 biennium.

State agencies and institutions of higher education should submit Form OYF in an electronic format to DPB. A WebBEARS submission is not required for those anticipated out-year appropriation adjustments for which you are not submitting a decision package this year.

See Appendix C of these instructions for more on Form OYF.

Program & Expenditure Structure

You will need to refer to the Program Structure and Expenditure Structure in making your budget submissions. These documents, revised in June 2003, are now available on DPB's web site and can be downloaded and printed off. (Go to DPB's web site at www.dpb.state.va.us, then click on the "Documents & Forms" link in the blue column at left, and then type in "Program Structure" or "Expenditure Structure" in the Search window).

A few select agencies have been authorized to use new programs or subprograms not included in the June 2003 revisions. Those agencies have been notified. If you have any pending program changes and have not been notified, please contact your DPB budget analyst.

Information technology submissions

Section 2.2-2007 of the Code of Virginia requires that the state's Chief Information Officer review budget requests from state agencies and institutions for information technology resources and recommend to the Information Technology Investment Board budget request priorities. If any of your agency's proposed decision packages relate to information technology (i.e., those in the 300-399 category series), you must submit an electronic copy to VITA as well as to DPB by close of business on October 27.

See Appendix B of these instructions for more about information technology submissions.

Rate adjustments by central service agencies

As the Governor's introduced budget is developed, it is necessary for central service agencies to inform DPB of any actions they might propose that could impact the operating budgets of other state agencies in the future. Such actions include any changes to the rates imposed upon other state agencies for intra-governmental services such as telecommunications, office space rentals, or insurance premiums. It is imperative that this information be received in time for consideration and possible inclusion within the Governor's introduced budget. **No change to central service agency rates may be implemented without the prior notification of DPB and inclusion in the Governor's Executive Budget.**

Central service agencies must notify DPB by October 27 about any planned changes to the rates they will assess other state agencies during the 2004-2006 biennium. This notification must include an explanation justifying the proposed rate adjustment, the service rate currently in effect, the new rate being proposed, the unit of measure for the affected service (e.g., square footage of office space, etc.), the total number of units used by each affected state agency, and the effective date of the rate adjustment. Central service agencies should submit the required information in an electronic format on Form RANJ. However, central agencies do **not** need to make a WebBEARS submission for these rate adjustments unless the rate adjustment impacts their own base budget. If rate adjustments are approved, DPB will make any adjustments for other individual agencies.

See Appendix D of these instructions for more on Form RANJ.

Section 2: About Decision Packages

This section provides general information about decision packages.

This section provides general information about the decision package submission due to DPB on October 27, 2003. Your agency's decision package budget submission includes two major elements:

1. **Narrative justifications** (one for each proposed decision package). *See Section 3 for specific details about the narrative justification.*
2. **A WebBEARS data submission.** *See Section 4 for more on preparing the data submission.*

What is a decision package?

A "decision package" is a proposal to modify your agency's 2004-2006 base budget or to modify language in the 2003 Appropriation Act.

Each decision package should cost out and justify *one* budget action. The action proposed in each decision package should be a discrete unit that can be evaluated on its own merit, independently of any other proposals. (Under certain circumstances, several strategies or actions may be tightly interrelated and cannot be viewed independently. If so, they may be grouped together in one decision package.)

Your agency should submit a decision package for:

- Any action that your agency proposes to take in the 2004-2006 biennium that reflects a net savings of dollars or positions, or that reflects a net cost in dollars or increase in positions.
- Any other action that your agency proposes that has a significant policy or budgetary impact. This includes proposed changes to language in the Appropriation Act.

Crosscutting issues for higher education

For institutions of higher education, crosscutting issues (faculty salaries, enrollment growth, higher education equipment trust fund, and student financial assistance) will be addressed centrally. If your institution has any unique situations related to these issues, you may submit a separate decision package to address your concerns. All other issues for institutions of higher education should be submitted as separate decision packages (including requests to support operating and maintenance of new facilities).

Language-only decision packages

Language-only decision packages are those that do not affect dollar amounts or positions, but propose a change in the language to the 2003 Appropriation Act, including changes to language in Part 3 (Miscellaneous) and Part 4 (General Provisions).

Language changes that are technical in nature, such as updating a Code citation or deleting a completed study requirement, can be handled by contacting your DPB analyst. For these technical changes, you will not need to make a formal submission.

If your agency proposes changes to the language in the 2003 Appropriation Act, and the proposed change does NOT affect dollar amounts or positions, submit a marked up copy of the affected page(s) of the 2003 Appropriation Act. (Please submit the marked-up copy in an electronic format, with deletions marked as a strike-through and additions underlined.) You should submit the “Decision Package Narrative Justification (Form NJ)” to explain the intent of your language decision package and why you are proposing it. **Use the 700 series when assigning a decision package number to language-only proposals.** (See “*Decision package categories*” on page 8 of these instructions).

You do not need a data submission in WebBEARS for a language-only decision package.

Numbering of decision packages

You must identify each decision package by a short descriptive title (no more than 100 characters long) and a unique package number. Assign the numbers according to the categories below. Here are some guidelines about assigning number categories:

- Use the number series assigned to the category that *most closely defines* the proposed strategy. Use only *one* category for each decision package.
- If your agency has more than one decision package within a category, assign the numbers for each decision package sequentially. Start with 100 (or 200, or 300, etc, according to the category) and continue sequentially with 101, 102 etc. within each category.
- For each proposal, be sure to use the same number on the Narrative Justification (Form NJ) and in the WebBEARS data submission (where it is called the “addenda” number).
- Consult your DPB budget analyst if you have questions about which category to use.

Decision package categories

<i>Number Series</i>	<i>Category Definition</i>
001-199	RESERVED FOR DPB USE
200-249	Emergencies. The decision package is essential to prevent or eliminate an immediate threat to life, safety, health, or property.
250-299	Mandates. The decision package is necessary to meet the requirements of a state or federal law or a court order that has occurred since the 2003 General Assembly session. NOTE: The definition of “mandate” is restrictive. Requirements of state or federal regulations are <u>not</u> considered mandates per se. Also, if legislation simply enables or authorizes an activity but does not require it, the activity is <u>not</u> considered a mandate. This category should be used <u>only</u> if there is absolutely no alternative but to fund the request. It is anticipated that very few, if any, requests will fall within this definition.
300-399	Cost or workload adjustments. This category is for routine changes, either increases or decreases, in your agency’s budget to reflect cost adjustments involving existing services or changes in workload or client load <i>or</i> for adjustments to the rates charged by central service agencies for services used by other state agencies. This category is NOT for budget proposals involving a change in the scope of services or the way your agency delivers services or does business. These requests must be approved in advance by the agency’s Secretary (1) to assure that they are beyond the ability of the agency to absorb them and (2) to ensure that a central service agency’s rate adjustment request is warranted.
400-499	Reorganization or service delivery changes. This category is for proposals that involve any agency reorganization that produces a need for additional agency resources (either funds or positions), or involves a policy issue. Examples include creating new organizational units, changing functional program units, or increasing staff responsibilities. <i>(Note: Requests in this category are for <u>increases</u> in funding.)</i>
500-549	Information technology. This category is for proposals for information technology resources, including hardware, software (whether commercial packages or custom-developed), telecommunications equipment, or services, and any related consulting, training, or support/maintenance services.
550-599	Other spending or initiatives. This category is for any other proposals for additional resources for new or expanded services.
600-699	Operational savings. This category is for proposals to transfer a program, service, or activity to another government entity (local, state, or federal), or to privatize. This category is also for requests for cost-savings or efficiency measures that your agency proposes to implement, and for operational or organizational changes that will result in long-term cost-savings or benefits to the Commonwealth. Examples include phasing out or eliminating selected administrative positions or activities, consolidating organizational units, and reducing or eliminating discretionary expenses (such as wages, printing, travel, etc.). <i>(Note: Requests in this category are for <u>decreases</u> in funding.)</i>

<i>Number Series</i>	<i>Category Definition</i>
700-799	Appropriation Act language only. This category is for proposals to add, delete, or modify language in the Appropriation Act. Proposals in this category should have no impact on the appropriation amounts.
800-899	Technical adjustments. This category is for technical or housekeeping adjustments that do not have a budget impact or do not involve policy decisions, such as to shift funds or positions between programs or subprograms or to appropriate additional nongeneral fund revenue (such as a federal grant that is more than originally anticipated or will continue for an additional year). <u>Technical adjustment submissions were due on September 15 with the base budget submission.</u> <i>If you have technical adjustments to submit at this time, you must consult with your DPB budget analyst before doing so.</i>
900-999	Capital projects. This category is to reflect increases or decreases in appropriations for new or existing capital outlay projects. You should discuss any proposals in this category with your DPB budget analyst prior to submission.

Figuring personal services costs

Use the following rates to calculate fringe benefit costs for any positions affected by a decision package:

Subobject	Factor	Employer Costs
1111	VRS Retirement Contributions¹ State employees Judges State Police VaLORS	9.24 percent of payroll 50.00 percent of payroll 30.00 percent of payroll 21.15 percent of payroll
1112	Social Security	6.20 percent of payroll, capped at \$87,000
1112	Medicare	1.45 percent of payroll
1114	Group life insurance premium¹	0.80 percent of payroll
1115	Employer Health Insurance Premiums COVA Care (Statewide) Single Employee Plus One Family Kaiser (Northern Virginia Only) Single Employee Plus One Family	 \$3,168 \$5,652 \$8,280 \$3,156 \$5,616 \$8,244
1116	Retiree Health insurance credit premium¹	1.21 percent of payroll

Subobject	Factor	Employer Costs
1117	VSDP & Long-Term Disability Insurance State employees State Police VaLORS	1.07 percent of payroll 1.42 percent of payroll 1.42 percent of payroll
1118	Teachers Insurance and Annuity ²	10.4 percent of payroll
1119	Defined Contribution Plan ³	10.4 percent of payroll
1138	Deferred Compensation Match Payments	One-half of an employee's contribution per pay period, up to a maximum of \$20 per pay period or \$480 annually.

¹Rates for retirement, group life, and the retiree health credit represent the amounts funded in agency base budgets and not the FY 2004 rates. These rates are for base budget planning only and will vary from actual 2005-06 rates.

²For institutions of higher education: This includes alternative retirement options, such as TIAA-CREF, for those employees as defined in § 51.1-126 of the Code of Virginia.

³Used for employees eligible for a defined contribution plan established pursuant to § 51.1-126.5 of the Code of Virginia.

Budgeting for new positions. The “lag pay plan” passed by the 1997 General Assembly instituted new pay periods and shifted the June 30 pay period to the next fiscal year. For new positions hired at the beginning of the fiscal year, you should assume that the employee would start work on July 10, the first day of the first full pay period. With this start date, only 22 payrolls would be expensed. For all new positions requested, please indicate in the narrative justification the anticipated hire date, career group, role, and pay band. Discuss why the indicated hiring salary was selected.

Other personal and nonpersonal services costs. If your proposal affects positions, make sure that you account for other personal services costs such as overtime payments, wage employment, and payment of leave balances. Also include any support costs such as office supplies, travel, or equipment needed to support the position(s).

Be sure to detail in the justification the nonpersonal services costs that are included in your request and the methodology for developing your cost estimates. Also note any one-time costs.

Section 3: Narrative Justifications

This section provides details on decision package narratives (Form NJ).

Why is the Form NJ important?

The Narrative Justification (Form NJ) is your main tool to explain and justify your budget request so that decision makers can consider the merits of funding it. You must prepare a separate narrative justification for each decision package.

You must use the prescribed format for the Decision Package Narrative Justification (Form NJ). You can download the Decision Package Narrative Justification in a Word file from DPB's web site (go to www.dpb.state.va.us, then click on the "Documents & Forms" link on the blue column at left, then type in "Decision Package" in the Search window). The narrative justification must be submitted to DPB electronically, either via e-mail or diskette.

Here are some guidelines for submitting this narrative:

- **Quality is important.** The quality of your submission is important. Remember: Decision-makers may have only your narrative justification as a basis for evaluating your agency's proposal. You will need to thoroughly explain what the proposal involves and why the proposal should be funded. Be as thorough and complete as you can. Do not feel constrained by the format for the "Decision Package Narrative Justification." Space is not limited. Feel free to provide all the narrative you think necessary to fully explain each decision package.
- **Attach additional information if needed.** Be sure to include with your submission any supplementary documents, background information, or other material you think will support your submission and explain your proposal. If these materials are not available in electronic format, send a hard copy to your agency's DPB budget analyst.
- **Answer all questions in the required format.** You must respond to all the items in the required format. If an item is not applicable, simply put "N/A."

See Appendix A of these instructions for the format of the Decision Package Narrative Justification and specific instructions on filling it out.

Sending the Narrative Justification to DPB

Submit the Narrative Justifications (Forms NJ) in **electronic format** by October 27, 2003. Submit one Form NJ for each decision package you are proposing, using the file-naming convention prescribed in Appendix A. E-mail your submission to budget@dpb.state.va.us.

Reminder for Technology Proposals

For any decision packages for information technology proposals (i.e., those in the 300-349 series category), Form NJ must also be submitted in an electronic format to the Virginia Information Technologies Agency (VITA) by October 27. *See Appendix B for more about information technology proposals.*

Section 4: The Data Submissions

This section provides details on preparing and filing the data submissions.

Overview

The data submission allocates the resources your agency proposes in each decision package among the programs and subprograms, major objects or subobjects of expenditure, and funds or fund detail affected for each year of the 2004-2006 biennium. The data submission is also due on October 27, 2003. Your data must be submitted using the new web-based system WebBEARS.

Prepare the budget data for each decision package using the unique decision package number you have assigned to it, as a discrete submission even if the request is distributed among several programs and subprograms. Do ***not*** combine multiple decision packages or portions of them in your data submission.

Remember, when entering dollars or FTE positions for each proposal, ***use only the incremental change*** from your agency's base budget. Do ***not*** use replacement amounts.

Specific information about the data submission

Personal services. For all personal services, array your planned expenses for each decision package by subobject detail. (You can download the revised Expenditure Structure, dated June 2003, from DPB's web site at www.dpb.state.va.us. Contact your DPB budget analyst if you need a hard copy.) If the decision package includes any adjustments for turnover and vacancy savings, you may use the following designated convenience codes:

- 1192 Turnover/Vacancy Faculty Salaries
- 1193 Turnover/Vacancy Fringe Benefits
- 1194 Turnover/Vacancy Medical/Hospital Insurance
- 1195 Turnover/Vacancy Classified Salaries

Do not use any other convenience codes for personal services.

Remember to carry out position requests to two decimal places.

Nonpersonal services. For all nonpersonal services, array the planned expenses by major object of expenditure. Use the designated convenience codes which are listed below (e.g., for your expenses in the 1200 major object of expense, enter your aggregate amount using the convenience code 1295):

- 1295 Undistributed Contractual Services
- 1395 Undistributed Supplies and Materials

- 1495 Undistributed Transfer Payments
- 1595 Undistributed Continuous Charges
- 2195 Undistributed Property and Improvements
- 2295 Undistributed Equipment
- 2395 Undistributed Plant and Equipment
- 3195 Undistributed Obligations

For nonpersonal services, use **ONLY** the designated convenience codes listed here. Do **not** use any other budgetary nonpersonal services convenience codes, including those in Section D of the Expenditure Structure or elsewhere. (*Note: For institutions of higher education, recoveries should include the appropriate recovery subobject code.*)

Fund/fund detail information. Include fund information at the program level by fund group. If your agency normally uses fund detail information, include this level of detail in your submission.

(NOTE: This is very important since these changes will be incremented against the fund/fund detail data contained in your agency's base budget that you submitted on September 15. If you should enter a fund/fund detail record that is not in your agency's base budget, the decision package will create a negative fund amount which your agency will have to correct.)

Changes between fund sources. If a decision package makes a shift between fund sources (for either dollars or FTEs) and the net effect of the decision package or change is zero, you do not need to enter a detail subobject record.

Balancing the submission. Before submission, make sure that -- for each decision package -- the total dollars and positions for fund/fund detail at the program level balance to the dollars and FTEs at the subobject level. If the decision package contains multiple programs, the same rule applies: Each program must balance for dollars and FTEs at fund/fund detail and at the subobject level.

Numbering the submissions. Number each individual decision package in sequential order according to its unique decision package number (e.g., decision package number 100, decision package number 101, etc.). Be sure to use the same number you use on the Form NJ for each decision package. *See "Decision package categories" on page 8 of these instructions for details on numbering decision packages.*

Submitting the data

Submit your data submission using WebBEARS, the new web-based budget submission. WebBEARS can be reached through DPB's web site. (Go to www.dpb.state.va.us, then click on the WebBEARS link under "Agency Systems" in the blue column at left.)

Tips on using WebBEARS:

- Most agencies have already obtained a login ID for all staff who will be using the WebBEARS system. If you have not already obtained an ID, you must first complete an "Access Request Form" to provide a login ID and password before using the system for the first time. Simply go to

the DPB web site (www.dpb.state.va.us), click on the WebBEARS link under the “Agency Systems” in the blue column at left then, click on “Access Request Form,” and then fill in the required information. Finally, click the “submit” button.)

- **Remember to use the drop-down menu on the main screen of WebBEARS to select “2004_DecisionPackages” when you enter your data.** WebBEARS automatically codes all data for decision packages as Level 2.
- WebBEARS has friendly “Help” screens that guide you through the system. If you have technical questions, please contact your budget analyst. If your budget analyst is unavailable, you may call:
Martha Twigg 804-786-1429
Van Nessa Davis Thornton 804-786-2541
- Remember to click on the “Complete submission” button when you are finished with your WebBEARS entry. WebBEARS automatically sends DPB an email when you complete your data submission by clicking on the final “Complete submission” button.

**Appendix A:
Narrative
Justification
(Form NJ)**

2004 Decision Package Narrative Justification (Form NJ)

1. Agency name: _____ 2. Agency code: _____

3. Decision package number: _____ 4. Title: _____

5. Priority of this decision package: _____

Section 1: General Description

6. Summary of cost

Fiscal year	Dollars		Positions	
	GF	NGF	GF	NGF
FY 2005				
FY 2006				
FY 2007				
FY 2008				
FY 2009				
FY 2010				

7. Description

8. Outcomes/results

9. Consequences of funding/not funding

10. Need for request

11. Alternatives considered

12. Are the proposed services, programs, or activities mandated? ☐ YES ☐ NO
If YES, please explain:

13. Is legislation needed? ☐ YES ☐ NO If YES, please explain:

14. Appropriation Act language needed? ☐ YES ☐ NO If YES, please explain:

15. Activities

Activity	Dollars		Positions	
	GF	NGF	GF	NGF

(Insert additional rows as needed)

Section 2: Cost of request

16. One-time funding? ☐ YES ☐ NO If YES, please explain:

17. Recurring need? ☐ YES ☐ NO If YES, please explain:

18. Personal services? ☐ YES ☐ NO If YES, fill in table below:

Position (Role) Title	Expected hire date	Band	Starting salary	\$ cost of salary & fringe benefits

(Insert additional rows as needed)

19. Nonpersonal services? ☐ YES ☐ NO If YES, fill in table below:

Expenditures	FY 2005 CHANGE		FY 2006 CHANGE	
	GF	NGF	GF	NGF
Contractual Services				
Supplies & Materials				
Transfer Payments				
Continuous Charges				
Property & Improvements				
Equipment				
Plant & Equipment				
Obligations				

Explain below:

20. Nongeneral fund sources? ☐ YES ☐ NO If YES, fill in table below:

Revenue Source Code	Fund/ Fund Detail Code	Fund/Fund Detail Title	FY 2005 amount	FY 2006 amount

Explain below:

21. Grant funds? ☐ YES ☐ NO If YES, explain below:

22. Methodology for cost of proposal

Section 3: Measuring Results

23. What is the specific outcome you are expecting if this request is funded? Also indicate if this is a new activity for your agency.

24. Performance measure in *Virginia Results*? ☐ YES ☐ NO

If YES, please state the measure

Instructions for completing the Decision Package Narrative Justification (Form NJ)

General information

Please use the Word format provided by DPB.

You can download the format for Form NJ from DPB's web site (go to www.dpb.state.va.us, then click on the "Documents & Forms" link in the blue column at left, then type in "Decision Package" in the Search window). If you do not have access to the Internet, call your DPB budget analyst for a diskette.

Complete a separate narrative justification for each decision package. Please put each narrative justification into a separate document in Microsoft Word.

You must complete all the items. If an item is not applicable, insert "N/A." Do not delete any items.

Remember that this justification may be the only information decision-makers will have to determine whether your proposals should be funded. Be as complete as possible.

When you save the completed forms, name them according to the following convention: your agency's three-digit code followed by "NJ" followed by the decision package number. Example: If you are agency 999 and you submit three decision packages numbered 100, 200, and 201, the files would be named *999NJ100.doc*, *999NJ200.doc*, and *999NJ201.doc*

Specific information

- **Item 1. Agency name:** Type in the agency name.
- **Item 2. Agency code.** Insert your agency's three-digit code.
- **Item 3. Decision package number.** Use the three-digit category number as specified in "Decision package categories" on page 8 of these instructions. It is important that you use the SAME number here that you do in WebBEARS for the "addenda" number.
- **Item 4. Title.** Insert a short descriptive title (no more than 100 characters long). Remember that your title should begin with an action verb such as "increase," "add," "reduce," "transfer," "shift," "expand," etc.
- **Item 5. Priority.** Insert a number here indicating the priority your agency puts on each decision package, with "1" as most important. (Your agency's most important decision package would be numbered "1," next most important, "2," etc. Do not use sub-categories such as "1a" and "1b"). No two decision packages should have the same priority number.

Section 1: General Description

- **Item 6. Summary of cost.** Complete this short table to summarize the overall resources required for the decision package. For each year of the biennium, show the total general fund and nongeneral fund dollars and positions. Show negative numbers (reductions) in parentheses. Note: Due to a new legislative requirement, it is necessary that you cost out your proposal for six years, taking into account one-time and start-up costs. Do not make any assumptions about future salary or fringe benefit cost increases. These will be handled centrally. *See “Information about Significant Out-Year Costs” on page 4 of these instructions for more about this.*
- **Item 7. Description.** Summarize the actions your agency proposes to take with the requested dollars or position. If the decision package is for language only, explain what the language will allow the agency to do.
- **Item 8. Outcomes/results.** Describe the anticipated results or outcomes that your agency expects to accomplish if the proposal is approved. What issue or problem are you trying to resolve? Be as specific as possible as this will be used to measure the success of any initiative that is funded.
- **Item 9. Consequences of funding/not funding.** Indicate the consequences you expect if your proposal is or is not approved.
- **Item 10. Need for request.** Provide detailed information to indicate the need for the proposed service/program/activity. For example: Is there a waiting list for services? If so how long is the wait, how many individuals are on the list? Have demographic, weather, or other factors changed the need for the service/program/activity? Cite quantitative data wherever possible.
- **Item 11. Alternatives considered.** Indicate any other alternatives you considered for accomplishing the objectives and why you selected the proposed action. Briefly list the pros and cons of each alternative.
- **Item 12. Are the proposed services/programs/ activities mandated?** Put an X in the appropriate box to indicate if the proposed programs, services, or activities are mandated. If so, indicate what precisely the mandate requires and what is its origin (cite federal or state statutory provisions). **Note:** Requirements of state or federal *regulations* are not considered “mandates.” Also, an activity is not mandated if legislation enables or authorizes the activity but does not require it.
- **Item 13. Is legislation needed?** Put an X in the appropriate box to indicate if your request requires a legislative proposal to amend the Code of Virginia. If so, give the proposal identification number and summarize the proposal. If the legislation has not been submitted to the Governor’s Policy Office to date, when will it be, and where is it now? Indicate why the legislation is essential for the success of the decision package. If the proposal does not involve any needed legislation, indicate “no.”
- **Item 14. Appropriation Act language needed?** Put an X in the appropriate box to indicate if there is a need to add, revise, or delete language in the Appropriation Act. (If so, photocopy the appropriate pages, mark up the changes, and include them as an attachment.)

- **Item 15. Activities.** Use the table to indicate the activity or activities affected by the decision package and the dollars (GF, NGF, and all funds) and positions (classified and wage) for those activities. Feel free to add additional rows to the table (or delete rows) as needed. You should use the same list of activities that were recently approved by the Secretary. In the column marked “activity,” insert the exact same title used in that approved list of activities.

Note: An “activity” defines one major service your agency delivers or one major endeavor it undertakes. In many cases, one activity will include several subsidiary endeavors. For example, “budget development” is one of DPB’s activities. It includes discrete efforts such as “review and analysis of agency budget requests,” “preparation of the budget bill,” and “preparation of the budget document.”

Section 2: Cost of request

- **Item 16. One-time funding?** If the request involves additional funding, put an X in the “YES” box to indicate if it represents a one-time need. If partially one-time, and partially recurring, insert an X in the YES box, but be sure to explain. Provide why you consider the funding to be one-time. Give the amounts of the one-time funding.
- **Item 17. Recurring need?** If the need is recurring, put an X in the “Yes” box. Indicate the estimated funding to accomplish the total project/request and the timetable for completing the entire project. Indicate if funding requirements in the next biennium (2006-2008) will be more or less than the current biennium. If no recurring need is involved, insert an X in the “No” box.
- **Item 18. Personal Services.** Put an X in the appropriate box to indicate if the decision package includes any personal services dollars. If yes, use the table to indicate by category (role) any positions affected (either new positions or positions eliminated), the anticipated hire date, the pay band, the starting salary, and costs of salary and the associated fringe benefits for each category. Describe how these positions relate to the services to be provided through this proposal (i.e., do these positions provide administrative support or do they deliver direct services?). *Be sure to attach any worksheets that show your calculations and assumptions, including how the starting salary was determined.*
- **Item 19. Nonpersonal services.** Put an X in the appropriate box to indicate if any nonpersonal services costs are included in the decision package. If yes, use the table to indicate by major object of expenditure the change in resources your agency is requesting for nonpersonal services. Identify and explain specific expenses such as grants and contracts, operating fixed assets, and debt service. *(Institutions of higher education: Include information to justify any proposed increases in student fees.)*
- **Item 20. Nongeneral fund sources.** Put an X in the appropriate box to indicate if any nongeneral funds are included in the decision package. If “yes,” insert in the table the revenue source code, the fund/fund detail code, the title of the fund/fund detail, and the amount required for each year of the biennium. Add additional lines if needed for more revenue source codes or fund details. Also provide in the block marked “Explain below” the methodology used to calculate the

nongeneral fund amounts. *Note: Institutions of higher education should explain the impact on student tuition and fees of any requests for nongeneral fund dollars.*

- **Item 21. Grant funds.** Put an X in the appropriate box to indicate if the decision package involves any grant funds. If the funding source is a grant, describe the formula or explain the methodology used by the grantor to allocate the funds. Describe any federal or local match requirements that will require additional state funding from either general or nongeneral funds and identify the source of the additional match funds. Identify any conditions or restrictions associated with acceptance of the anticipated grants.
- **Item 22. Methodology for cost of proposal.** Provide an explanation of the methodology used to calculate the costs of the proposal. If a proposal requires additional funding to achieve future savings, be sure to address both the time frame and the amounts of the additional costs and the savings to be achieved. Be sure to mention how you figured the out-year costs for fiscal years 2007 through 2010 that you listed in item 6.

Section 3: Measuring Results

- **Item 23. Expected outcome.** Indicate how you will measure the success of the effort if this proposal were to be funded, giving the specific outcome you expect should this proposal be funded. This is the way that one can compare actual results with anticipated results. (See Section 4-5-.05 d.4.b of the 2003 Appropriation Act.) Also, please indicate if the effort is a new activity for your agency. Finally, where appropriate, you should provide a performance measure that is relevant to the proposal. The performance measure should be readily understandable to a non-expert.
- **Item 24. Performance measure in *Virginia Results*?** Put an X in the appropriate box to indicate if your proposal relates directly to one of your agency performance measures tracked by DPB on the *Virginia Results* website. If yes, indicate the measure in the space provided. (Agency measures are listed on *Virginia Results* at <http://www.dpb.state.va.us/VAResults/Index.htm>)

Remember to save your completed narratives according to the following file naming convention: your agency's three-digit code followed by "NJ" followed by the decision package number. Example: If you are agency 999 and you have three decision packages numbered 100, 200, and 201, the files would be labeled 999NJ100.doc, 999NJ200.doc, and 999NJ201.doc

Appendix B: Information Technology Submissions

Information Technology Submissions to the Virginia Information Technologies Agency (VITA)

Section 2.2-2007 of the Code of Virginia requires that the Chief Information Officer (CIO) review budget requests from state agencies and institutions for information technology resources. VITA will recommend to the CIO any budget request priorities for consideration by DPB and the Information Technology Investment Board. "Information technology" includes hardware, software (whether commercial packages or custom-developed), telecommunications equipment or services, and any related consulting, training, or support/maintenance services.

For each information technology proposal (regardless of cost and regardless of whether submission is a new initiative or supplement to an existing system), your agency must submit a Decision Package Narrative Justification (Form NJ) concurrently to DPB and to VITA by October 27. ***See Section 3 and Appendix A of these instructions for detail on the format of Narrative Justification submissions.***

Special considerations regarding recently passed legislation

- Decision packages for information technology (IT) projects will be submitted by individual agencies, not by VITA.
- Agencies may submit an IT decision package for a major IT project only if the proposed project was also identified in the *Agency IT Strategic Plan for 2004-2006* and included in the August 29 report to the Governor and General Assembly entitled, *Recommended Technology Investment Projects for the 2004-2006 Budget Biennium*. Agencies may submit an information technology decision package for a non-major IT project only if it was also identified as a project in the *Agency IT Strategic Plan for 2004-2006*.
- For major IT projects, the total dollar amount on an Information Technology decision brief should not exceed the amount listed by the corresponding technology project on the August 29 report. If the request is larger, an explanation must be provided in the Form NJ.

Where to send the submission. Email the Narrative Justification to VITA at pmd@vita.virginia.gov or mail a diskette to:

Project Management Division, Director of Strategic Management Services
Virginia Information Technologies Agency
Richmond Plaza, Suite 135
110 South Seventh Street, Richmond, VA 23219

Direct any questions regarding the requirements for these submissions to Judy Marchand at VITA, (804) 786-4392 or pmd@vita.virginia.gov.

Agencies may wish to supplement their technology-related submissions with additional project-specific information that may be of assistance to VITA in its review.

Appendix C: Out Year Estimates (Form OYF)



Virginia Department of Planning and Budget
Out-Year Estimate for Costs of Items NOT Included in a Decision Package

[illegible]

Instructions for completing the Out-Year Spending Estimates (Form OYF)

General information

This form is required **only from agencies** that anticipate an increase or decrease in spending in the out-years (e.g., FY 2007, FY 2008, FY 2009, FY 2010) that is not part of a decision package for the 2004-2006 biennium. An example would be a building or facility scheduled to open in FY 2007 for which operating expenses would be required.

Please use the Excel format provided by DPB. You can download the format for Form OYF from DPB's web site (go to www.dpb.state.va.us, then click on the "Documents & Forms" link in the blue column at left, then type in "Decision Package" in the Search window).

Your agency should complete only one Form OYF for all of the anticipated out-year costs for your agency. Please email the form to DPB at budget@state.va.us.

When you save your completed table, name it according to the following convention: your agency's three-digit code followed by "OYF." Example: If you were agency 999, the file would be *999OYF.xls*.

Specific information

- **Column A. Agency code:** Type in the agency's three-digit agency code. Note, you must repeat the agency code in each row for which you have a projected cost item.
- **Column B. Agency name.** Insert the agency name. Note, you must repeat the name in each row for which you have a projected cost item.
- **Column C. Title.** Insert a short title that describes the item for which you are reporting anticipated out-year costs.
- **Columns D-K.** For each year (FY 2007, FY 2008, FY 2-009, FY 210), record the anticipated costs of the item from the general fund and from nongeneral funds.

**Appendix D:
Rate Adjustment
Narrative
Justification
(Form RANJ)**

2004 Rate Adjustment Narrative Justification (Form RANJ)

1. Agency name: _____ 2. Agency code: _____

3. Decision package number: _____ 4. Title: _____

5. Description

6. Objectives/results

7. Consequences of not altering rates

8. Need for request

9. Alternatives considered

10. Service rates currently in effect

11. New service rates being proposed

12. Service rate's unit of measure

13. Total number of units used by each agency

14. Projected Revenues under existing rates					
2005	2006	2007	2008	2009	2010

15. Projected Revenues under proposed rates					
2005	2006	2007	2008	2009	2010

16. Effective date of rate adjustment by agency

17. Is the proposed rate change mandated?

☐

YES

☐

NO

18. Has JLARC approval been received?

☐

YES

☐

NO

If YES, is DPB “copied”?

19. Appropriation Act language needed?

☐

YES

☐

NO

If YES, please explain:

Instructions for completing the Rate Adjustment Narrative Justification (Form RANJ)

General information

The Rate Adjustment Narrative Justification (Form RANJ) form is required **only from central service agencies** that anticipate a change in their assessed rates for services they provide to other state government agencies.

Please use the Word format provided by DPB. You can download the format for Form RANJ from DPB's web site (go to www.dpb.state.va.us, then click on the "Documents & Forms" link in the blue column at left, then type in "Decision Package" in the Search window).

Complete a separate narrative justification for each anticipated rate change. Please put each narrative justification into a separate document in Microsoft Word.

You must complete all the items. If an item is not applicable, insert "N/A." Do not delete any items.

When you save your completed table, name it according to the following convention: your agency's three-digit code followed by "RANJ" followed by the decision package number. Example: If you are agency 999 and you submit proposals for two rate adjustments, numbered 300 and 301, the files for these narrative justifications would be *999RANJ300.doc* and *999RANJ301.doc*

Specific information

- **Item 1. Agency name:** Type in the agency name.
- **Item 2. Agency code.** Insert your agency's three-digit code.
- **Item 3. Decision package number.** Use the three-digit category number as specified in "Numbering decision packages" in Section 2 of these instructions.
- **Item 4. Title.** Insert a short descriptive title (no more than 100 characters long). Remember that your title should begin with an action verb.
- **Item 5. Description.** Provide a full description of the actions involved in the proposed rate adjustment.
- **Item 6. Objectives/results.** Describe the anticipated results or objectives your agency expects to accomplish if the proposed rate adjustment is approved. What issue or problem are you trying to resolve? Be as specific as possible.
- **Item 7. Consequences of not altering rates.** Indicate the consequences you expect if the rate adjustment is not approved.

- **Item 8. Need for request.** Provide detailed information to indicate the need for the proposed rate adjustment. For example: Have demographic, vendor prices, or other factors created the need for the rate adjustment? Cite quantitative data wherever possible.
- **Item 9. Alternatives considered.** Indicate any other alternatives you considered to a rate adjustment and why you selected the proposed action. Briefly list the pros and cons of each alternative.
- **Item 10. Service rates currently in effect.** List, by the lowest commonly used unit of service, the rate currently being charged to state agencies. If the rates vary by agency, list all rates to the extent necessary so that the rate may be determined for any and all affected agencies. (Items 10,11, 12, 13, and 14 may be submitted to DPB on an electronic spreadsheet along with Form RANJ.)
- **Item 11. New service rates being proposed.** List, by the lowest commonly measured unit of service, the new proposed rate to be charged to state agencies. If the rates are to vary by agency, list all rates to the extent necessary so that the rate may be determined for any and all affected agencies.
- **Item 12. Service rate's unit of measure.** Define and describe the units of measure in the adjustment proposal sufficiently for the average lay person.
- **Item 13. Total number of units used by each agency.** List, by the lowest commonly measured unit of service, the expected number of units to be utilized by each state agency.
- **Item 14. Projected Revenues under existing rates.** Provide revenue estimates based on maintaining the current, existing rate structure.
- **Item 15. Projected Revenues under proposed rates.** Provide revenue estimates based under the new, proposed rate structure.
- **Item 16. Effective date of rate adjustment by agency.** List the expected dates the new proposed rate changes are to go into effect for the agencies. If the dates are to vary by agency, list dates by agency.
- **Item 17. Is the proposed rate change mandated?** Check the appropriate box to indicate if the proposed rate change is mandated. If so, indicate what precisely the mandate requires and what is its origin (cite federal or state statutory provisions). **Note:** Requirements of state or federal *regulations* are not considered "mandates." Also, a rate change is not mandated if legislation enables or authorizes the activity but does not require it.
- **Item 18. Has JLARC approval been received?** Check the appropriate box to indicate whether the proposed rate change has been approved by JLARC. If yes, please send DPB a copy of JLARC's approval. If no, indicate when JLARC is expected to consider approval.
- **Item 19. Appropriation Act language needed?** Put an X in the appropriate box to indicate if there is a need to add, revise, or delete language in the Appropriation Act. If so, photocopy the appropriate pages, mark up the changes, and send them to your DPB budget analyst. Or, preferably, email an electronic copy with changes clearly marked (deletions as strikethroughs and new language as underlined).